

CITY OF LOS ALTOS

SALES TAX UPDATE

4Q 2020 (OCTOBER - DECEMBER)



LOS ALTOS

TOTAL: \$ 605,304

-24.2%

4Q2020



-3.9%

COUNTY



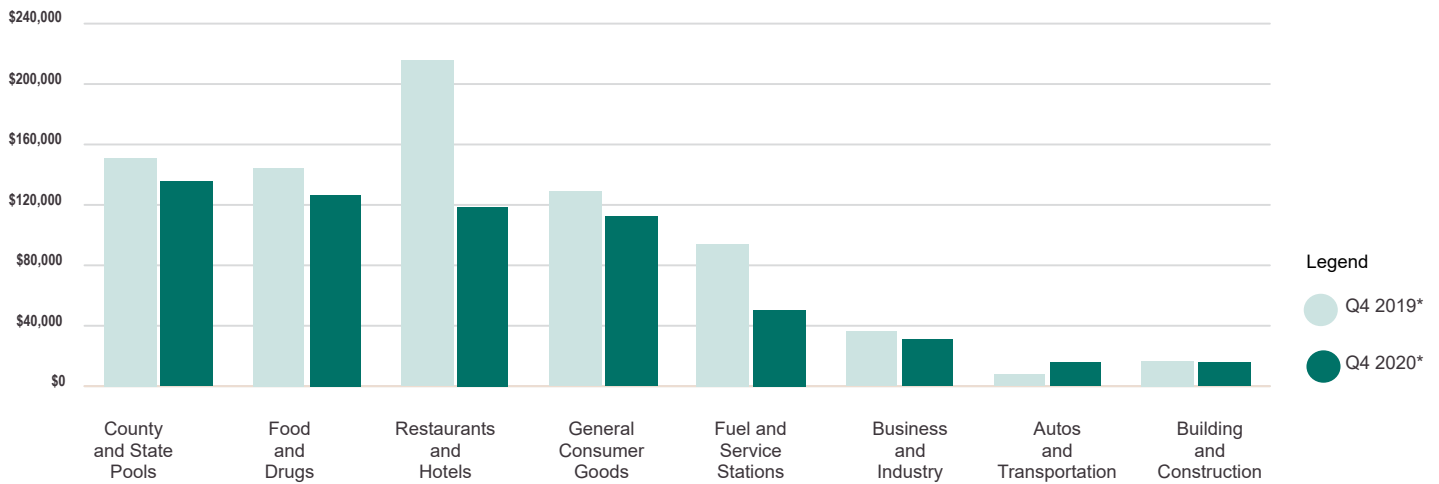
-2.0%

STATE



*Allocation aberrations have been adjusted to reflect sales activity

SALES TAX BY MAJOR BUSINESS GROUP



CITY OF LOS ALTOS HIGHLIGHTS

Los Altos' receipts from October through December were 26.7% below the fourth sales period in 2019. Excluding reporting aberrations, actual sales were down 24.2%.

Overall place of sale actual performance dropped 27.4% as Covid-19 pandemic related economic impacts continue to weigh on many business sectors, while a few others prosper. Restaurants declined 44.6% due to restrictions placed on the hospitality industry; all dining segments had sizeable comparative revenue losses. Stifled pump prices and weakened demand for fuel pushed service station sales 46.5% lower.

Further, the 13.3% decline in general consumer goods is partially explained by less foot traffic in retail stores. Taxable merchandise demand softened in the food-drugs group.

The countywide pool allocation declined because other cities in the county posted large brick and mortar gains leading to those agencies getting a larger portion of the pool; related, the use taxes generated in the pools improved due to buyer's increased online shopping over the holiday season.

Bright spots included better returns from jewelers, sporting goods/bikes and home furnishings stores.

Net of aberrations, taxable sales for all of Santa Clara County declined 3.9% over the comparable time period; the Bay Area was down 8.0%.



TOP 25 PRODUCERS

- Amber India Restaurant
- Arco AM PM
- Armadillo Willys BBQ & Cafe
- BevMo
- Bicycle Outfitter
- Chef Chus
- Draegers Super Market
- El Camino 76
- Los Altos 76
- Los Altos Grill
- Lucky Supermarket
- Main Street Chevron
- Pendleton Woolen Mills
- Powerflex Systems
- Rancho 76
- Rite Aid
- Safeway
- Sandridge Partners
- Speedway Express
- Steinway
- Trader Joes
- True Value Hardware
- Viscusi Elson Interior Design
- Walgreens
- Whole Foods Market



STATEWIDE RESULTS

The local one cent sales and use tax from sales occurring October through December, the holiday shopping season, was 1.9% lower than the same quarter one year ago after adjusting for accounting anomalies and back payments from previous periods. Lower receipts were primarily concentrated in the Bay Area and coastal southern regions while much of inland California, including the San Joaquin Valley, Inland Empire, and northern regions, exhibited solid gains.

As expected, the larger place of sale categories which have been negatively impacted throughout the pandemic continue to be brick and mortar general consumer goods retailers like family apparel, department, and electronics/appliance stores. With limited to zero allowed indoor dining (depending on a County's Covid-19 tier assignment), restaurants and hotels suffered the largest losses especially in communities that strongly rely on tourism. Although the workforce has slowly begun to return to physical office environments, fuel and service stations revenues lagged the prior year performance.

It does not appear that Governor Newsom's second 'shelter at home' directive, initiated by the increase in Covid-19 cases had an impact on overall results. While some merchants chose to utilize the Governor's executive order allowing for a 90-day deferral of sales tax remittance, it was substantially less than the similar opportunity companies utilized during the 1st and 2nd quarters of 2020. The outstanding payments for most California cities will be remitted before the end of the 2020-21 fiscal year.

On the bright side, as consumer confidence stabilized post the national presidential election, customers were motivated to comfortably spend on high-end luxury automobiles, boats-motorcycles, RVs, and sporting goods/equipment.

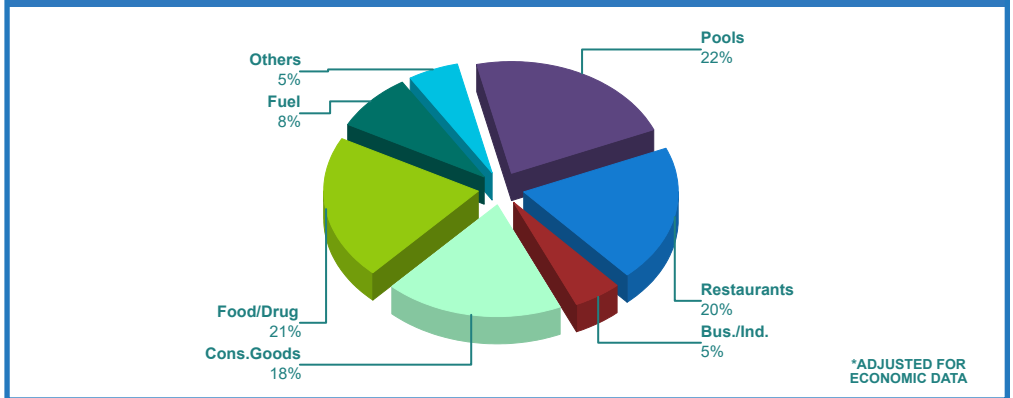
The building-construction sector, with 1) increased price of goods - like lumber, 2) continued home improvement projects, and 3) advantageous fall/winter weather conditions saw strong gains that remained consistent throughout the calendar year.

Exponential growth from countywide use tax pools further helped offset

the declines. Greater online shopping signifying a permanent shift of consumer habits to this more convenient experience was inevitable.

On the horizon, mass deployment of the Covid-19 vaccine will help a greater number of businesses, restaurants and theme parks to reach reopen status. Recent approval of the American Rescue Plan Act of 2021 will further support greater consumer spending, albeit in targeted segments. Pent up demand for summer outdoor experiences and travel is likely and thereby household spending is temporarily reverted away from taxable goods when compared to recent activity.

REVENUE BY BUSINESS GROUP
Los Altos This Quarter*



TOP NON-CONFIDENTIAL BUSINESS TYPES

| Los Altos Business Type | Q4 '20 | Change | County Change | HdL State Change |
|----------------------------|--------|----------|---------------|------------------|
| Grocery Stores | 92,160 | -13.3% ↓ | -3.4% ↓ | 5.4% ↑ |
| Casual Dining | 83,070 | -42.4% ↓ | -44.4% ↓ | -39.3% ↓ |
| Service Stations | 50,513 | -46.5% ↓ | -39.5% ↓ | -31.3% ↓ |
| Home Furnishings | 21,927 | 7.5% ↑ | -16.2% ↓ | 0.8% ↑ |
| Specialty Stores | 16,505 | -25.8% ↓ | -19.8% ↓ | -6.9% ↓ |
| Fine Dining | 14,368 | -54.8% ↓ | -55.0% ↓ | -54.4% ↓ |
| Quick-Service Restaurants | 11,567 | -30.5% ↓ | -27.8% ↓ | -8.8% ↓ |
| Jewelry Stores | 11,411 | 35.1% ↑ | 3.1% ↑ | -1.8% ↓ |
| Sporting Goods/Bike Stores | 8,776 | 6.6% ↑ | -2.4% ↓ | 20.3% ↑ |
| Fast-Casual Restaurants | 7,915 | -34.8% ↓ | -26.2% ↓ | -12.1% ↓ |

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